



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 6, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of the Monthly Financial Report for the Period Ending November 30, 2020.

ISSUE: Receipt of the Monthly Financial Report for the Period Ending November 30, 2020.

RECOMMENDATION: That City Council receives the Monthly Financial Report.

BACKGROUND: The following discussion is a summary of the Monthly Financial Report for this period. Detailed comparative schedules are attached.

REVENUES

As of November 30, 2020, General Fund revenues totaled \$342.0 million, a decrease of \$7.9 million or 2.3% less than the revenues collected at the same time in FY 2020. Through the first five months, approximately 45.0 percent of budgeted revenues have been collected. Timing anomalies are most pronounced early in the fiscal year, which can be the cause of the significant year over year variance. In FY 2020, Personal Property taxes were due on October 5, but in FY 2021, Council extended the deadline to December 15. Real Estate taxes were due on November 16.

At this time in FY 2021, the City's total revenue collection is not noticeably different than what was projected for the first five months of the fiscal year; however, revenue collections are likely to decline as COVID-19's continued impact on the City's finances will be greater than the budget projections from the Spring. The development and possible revisions to the FY 2021 General Fund revenue budget included a careful review of each revenue category to estimate the impact COVID-19 might have on receipts and many categories were reduced in advance of continued impacts on the City's economy from the pandemic. Based on current pandemic and economic forecasts and fiscal trends, the post COVID-19 economic recovery will likely be

longer than earlier projected, and revenues will be less than currently budgeted.

With FY 2021 revenues currently projected to be \$10 million less than budgeted, staff has reviewed options to keep the FY 2021 budget in balance and increased use of fund balance to \$10.9 million. At the City Council Retreat on November 7, 2020, a number of these options were identified including the continuation of the selective hiring freeze, use of contingent reserves, bond refinancing savings, some use of federal FEMA reimbursement from FY 2020 which FEMA did not agree to pay until FY 2021, and early implementation of FY 2022 reductions. However, continued needs from the community for food, housing, and business support could add additional expenses. In November 2020, City Council appropriated additional funds from the FEMA award to continue food security and rental assistance initiatives into February. Several major revenue categories are described in detail below. Attachment three provides the comparison of the cumulative impact of the COVID-19 pandemic on the City's consumer spending. In aggregate, the impact on the City's revenue since February is a loss of revenue of \$14.6 million. The most significant decline is in Transient Lodging tax revenue, which is down 70 percent since February or a loss of \$7.6 million in the past nine months. Losses in Meals Sales Tax revenue are less, with a 36.8 percent decline, or \$7.1 million.

Personal Property tax revenues are showing a significant decline compared to FY 2020. This is due primarily to the change in the due date. In FY 2020, with an October 5 due date, the City had collected 88.4 percent of the total tax levy by the end of November. In FY 2021, with a December 15 due date, only 73.6 percent of the total levy has been collected by the end of November. It is also important to note that the total levy in FY 2021 (tax year 2020) is 5 percent lower than last year's levy. As noted at the City Council Retreat, this is due to COVID-19 causing lower new car sales which then triggered a lower number of new cars being added to the tax rolls in Calendar Year 2020.

Sales tax revenue is consistent with receipts from November 2020. As expected, based on travel and restaurant trends, Meals Sales tax revenue is 15.6% lower and Transient Lodging tax is 67.5% lower than this period last year. Non-tax revenues are also showing the effects of the pandemic for a variety of reasons. Social distancing and "safer at home" directives are significantly impacting revenues that are dependent on entrance and rental fees like recreation classes and facility rentals.

Revenue from the Use of Money and Property is lower than last fiscal year due to interest rates on City cash being significantly lower than prior years resulting in reduced revenue from investments. Lower interest rates were anticipated and the budget for Interest on General Fund Investments was reduced significantly for FY 2021. Permits and Licenses are over \$2 million more than receipts in November 2019 due to the collection of past due invoices for Temporary Parking permits by a utility company.

CARES and Additional Federal Stimulus and Relief Funds

The new \$90 billion COVID Second Stimulus Funding did not include direct assistance for state and local governments. The Stimulus Funding bill did add resources to some existing grant funding streams (e.g., CDBG, Substance Abuse and Mental Health Services Treatment Block Grants) and direct aid for transit, rental assistance and payroll protection which will help to alleviate the financial pressures facing many in our community.

EXPENDITURES

As of November 30, 2020, General Fund expenditures totaled \$234.8 million, a decrease of \$20.6 million or 8.1% compared to the same time period for FY 2020. There is primarily due to continued decreased rate of spending for most City departments. The impacts of the City's selective hiring freeze is reflected in the

variance between the two fiscal years for nearly all City agencies. Transit subsidies are less than budgeted due to WMATAs use of CARES funding resulting in a temporary reduced need for full budgeted funding from localities. Some of this WMATA savings will be used to help offset lost farebox revenue for DASH. Most of the departments that are not showing a year over year savings receive their funds on a quarterly basis (Health Department Alexandria Economic Development Partnership, Inc.). With the recent presidential election, the Registrar of Voters is also trending significantly higher than FY 2020. These costs have been budgeted, and the additional costs for mailing that were incurred are expected to be reimbursed to us by state and other grants.

ATTACHMENTS:

Attachment 1: Comparative Statement of General Fund Revenues

Attachment 2: Comparative Statement of General Fund Expenditures

Attachment 3: Consumer Spending Comparisons 2020 and 2019

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director, Finance Department

Morgan Routt, Director, Office and Management and Budget

Mayuri Middough, Division Chief of Administration

CITY OF ALEXANDRIA, VIRGINIA

COMPARATIVE STATEMENT OF REVENUES
GENERAL FUND

FOR THE PERIODS ENDING NOVEMBER 30, 2020 AND NOVEMBER 30, 2019

	B	C	D=C/B	E	F	G=F/E
	FY 2021	FY2021		FY 2020	FY2020	
	APPROVED	REVENUES	%	APPROVED	REVENUES	%
	BUDGET	THRU 11/30/2020	OF BUDGET	BUDGET	THRU 11/30/2019	OF TOTAL
General Property Taxes						
Real Property Taxes.....	\$ 477,554,000	\$ 230,390,146	48.2%	\$ 462,848,143	\$ 218,638,362	47.2%
Personal Property Taxes.....	55,213,000	40,609,466	73.6%	56,926,910	50,333,427	88.4%
Penalties and Interest.....	2,808,000	509,531	18.1%	2,708,000	784,770	29.0%
Total General Property Taxes	\$ 535,575,000	\$ 271,509,143	50.7%	\$ 522,483,053	\$ 269,756,559	51.6%
Other Local Taxes						
Local Sales and Use Taxes.....	\$ 26,194,000	\$ 7,717,148	29.5%	\$ 28,800,000	\$ 7,652,841	26.6%
Consumer Utility Taxes.....	12,700,000	3,969,892	31.3%	12,000,000	3,198,022	26.7%
Communication Sales and Use Taxes.....	8,275,000	2,819,050	34.1%	9,200,000	2,271,699	24.7%
Business License Taxes.....	22,000,000	1,406,361	6.4%	34,378,000	866,952	2.5%
Transient Lodging Taxes.....	10,833,000	1,519,908	14.0%	12,800,000	4,674,526	36.5%
Restaurant Meals Tax.....	20,500,000	7,094,008	34.6%	24,231,000	8,406,391	34.7%
Tobacco Taxes.....	2,600,000	755,871	29.1%	2,600,000	842,921	32.4%
Real Estate Recordation.....	5,900,000	3,726,768	63.2%	6,000,000	2,413,673	40.2%
Admissions Tax.....	500,000	18,372	3.7%	670,000	198,596	29.6%
Other Local Taxes.....	5,109,090	353,694	6.9%	4,809,090	204,812	4.3%
Total Other Local Taxes	\$ 114,611,090	\$ 29,381,072	25.6%	\$ 135,488,090	\$ 30,730,432	22.7%
Intergovernmental Revenues						
Revenue from the Fed. Government.....	\$ 11,109,303	\$ 2,626,973	23.6%	\$ 10,397,000	\$ 2,445,641	23.5%
Personal Property Tax Relief from the Commonwealth.....	23,578,531	22,399,604	95.0%	23,578,531	22,399,604	95.0%
Revenue from the Commonwealth.....	23,547,855	6,468,227	27.5%	23,621,515	8,558,614	36.2%
Total Intergovernmental Revenues	\$ 58,235,689	\$ 31,494,804	54.1%	\$ 57,597,046	\$ 33,403,859	58.0%
Other Governmental Revenues And Transfers In						
Fines and Forfeitures.....	\$ 3,502,615	\$ 1,318,182	37.6%	4,930,450	\$ 1,833,571	37.2%
Licenses and Permits.....	2,339,631	2,621,905	112.1%	2,615,350	589,247	22.5%
Charges for City Services.....	14,308,344	3,462,199	24.2%	15,790,462	9,038,074	57.2%
Revenue from Use of Money & Prop.....	5,498,250	1,613,136	29.3%	11,406,650	3,936,191	34.5%
Other Revenue.....	2,019,966	573,773	28.4%	2,591,285	619,411	23.9%
Transfer from Other Funds.....	9,246,427	-	0.0%	9,291,882	-	0.0%
Total Other Governmental Revenues	\$ 36,915,233	\$ 9,589,194	26.0%	\$ 46,626,079	\$ 16,016,494	34.4%
TOTAL REVENUE	\$ 745,337,012	\$ 341,974,213	45.9%	\$ 762,194,268	\$ 349,907,343	45.9%
Appropriated Fund Balance						-
General Fund.....	\$ 10,934,086	\$ -	\$ -	\$ 8,677,631	\$ -	-
Cash Capital						-
Encumbrances And Other		-	-	-	-	-
Supplemental Appropriations....	4,257,964	-	-	4,325,747	-	-
TOTAL	\$ 760,529,062	\$ 341,974,213	45.0%	\$ 775,197,646	\$ 349,907,343	45.1%

COMPARATIVE STATEMENT OF EXPENDITURES & TRANSFERS BY FUNCTION
GENERAL FUND
FOR THE PERIODS ENDING NOVEMBER 30, 2020 AND NOVEMBER 30, 2019

	B	C	D=C/B	E	F	G=F/E
	FY 2021 AMENDED BUDGET	FY2021 EXPENDITURES THRU 11/30/2020	% OF BUDGET EXPENDED	FY 2020 APPROVED BUDGET	FY2020 EXPENDITURES THRU 11/30/2019	% OF BUDGET EXPENDED
FUNCTION						
Legislative & Executive.....	\$ 3,593,587	\$ 1,267,014	35.3%	\$ 3,495,083	\$ 1,253,869	35.9%
Judicial Administration.....	\$ 45,709,897	\$ 16,675,499	36.5%	\$ 46,128,210	\$ 17,647,339	38.3%
Staff Agencies						
Communications.....	\$ 1,567,258	\$ 545,593	34.8%	\$ 1,544,299	\$ 508,222	32.9%
Human Rights.....	940,907	346,586	36.8%	905,803	364,429	40.2%
Information Technology Services.....	13,125,675	5,533,939	42.2%	12,124,016	5,901,414	48.7%
Management & Budget.....	1,275,147	439,540	34.5%	1,314,191	526,100	40.0%
Finance.....	12,926,773	4,257,046	32.9%	13,636,052	4,591,861	33.7%
Performance and Accountability.....	509,772	227,922	44.7%	535,512	230,454	43.0%
Internal Audit.....	412,464	125,391	30.4%	442,003	84,240	19.1%
Human Resources.....	4,158,277	1,476,643	35.5%	4,840,243	1,646,383	34.0%
Planning & Zoning.....	5,945,654	2,094,845	35.2%	6,340,054	2,167,584	34.2%
Economic Development Activities.....	7,123,390	3,347,994	47.0%	7,131,946	3,236,754	45.4%
City Attorney.....	3,752,387	1,178,540	31.4%	3,882,669	1,609,273	41.4%
Registrar.....	1,468,869	799,477	54.4%	1,335,337	501,745	37.6%
Organizational Excellence	169,548	52,010	30.7%	-	-	-
General Services.....	11,531,122	3,372,637	29.2%	12,255,359	4,466,703	36.4%
Total Staff Agencies	\$ 64,907,243	\$ 23,798,164	36.7%	\$ 66,287,484	\$ 25,835,162	39.0%
Operating Agencies						
Transportation & Environmental Services.....	\$ 24,120,239	\$ 7,330,035	30.4%	\$ 24,190,958	\$ 8,379,597	34.6%
Project Implementation.....	-	25	0.0%	-	-	0.0%
Fire.....	52,643,345	18,026,008	34.2%	55,307,639	19,823,960	35.8%
Police.....	62,512,808	21,509,966	34.4%	67,140,759	25,340,364	37.7%
Emergency Communications.....	8,751,535	3,233,112	36.9%	8,498,881	3,153,058	37.1%
Code.....	24,000	1,796	7.5%	33,060	2,526	7.6%
Transit Subsidies.....	20,665,871	484,311	2.3%	21,760,499	10,731,042	49.3%
Housing.....	1,807,163	723,125	40.0%	1,910,181	700,631	36.7%
Community and Human Services.....	13,855,621	5,181,369	37.4%	14,574,628	5,565,429	38.2%
Health.....	9,936,351	4,108,297	41.3%	8,377,647	3,992,684	47.7%
Historic Resources.....	3,567,138	1,336,672	37.5%	3,601,620	1,279,192	35.5%
Recreation.....	23,277,289	7,663,822	32.9%	24,038,483	9,544,430	39.7%
Total Operating Agencies	\$ 221,161,360	\$ 69,598,539	31.5%	\$ 229,434,355	\$ 88,512,912	38.6%
Education						
Schools.....	\$ 234,037,296	\$ 65,361,404	27.9%	\$ 231,669,496	\$ 70,890,866	30.6%
Other Educational Activities.....	16,009	8,005	50.0%	16,128	8,064	50.0%
Total Education	\$ 234,053,305	\$ 65,369,408	27.9%	\$ 231,685,624	\$ 70,898,930	30.6%
Capital, Debt Service and Miscellaneous						
Debt Service - City.....	\$ 37,288,071	\$ 22,875,139	61.3%	\$ 35,530,695	\$ 18,522,034	52.1%
Debt Service - Schools.....	\$ 28,578,698	\$ 17,335,934	60.7%	\$ 28,112,251	\$ 14,452,218	51.4%
Expenses on Refunding Bonds.....	-	-	0.0%	-	-	0.0%
Non-Departmental.....	\$ 9,275,839	5,611,377	60.5%	9,795,526	6,063,290	14.0%
General Cash Capital.....	\$ 27,338,144	-	0.0%	43,180,142	-	0.0%
Contingent Reserves.....	5,268,703	-	0.0%	799,170	-	0.0%
Total Capital, Debt Service and Miscellaneous	\$ 107,749,455	\$ 45,822,450	42.5%	\$ 117,417,784	\$ 39,037,542	33.2%
TOTAL EXPENDITURES	\$ 677,174,847	\$ 222,531,074	32.9%	\$ 694,448,540	\$ 243,185,753	35.0%
Cash Match (Transportation/DCHS/ and Transfers to the Special Revenue /Capital Projects Funds)...	\$ 53,736,961	\$ 11,791	0.0%	\$ 52,973,299	\$ 192,273	0.0%
Transfer to Housing.....	4,717,217	-	0.0%	5,367,775	-	0.0%
Transfer to Library.....	7,176,355	111,271	1.6%	7,115,754	28,972	0.4%
Transfer to DASH.....	17,723,682	12,114,002	68.3%	15,292,278	11,986,285	78.4%
TOTAL EXPENDITURES & TRANSFERS	\$ 760,529,062	\$ 234,768,139	30.9%	\$ 775,197,646	\$ 255,393,280	32.9%
Total Expenditures by Category						
Salaries and Benefits.....	\$ 228,651,270	\$ 80,631,417	35.3%	\$ 234,171,215	\$ 84,750,196	36.2%
Non Personnel (includes all school funds)	531,877,792	154,136,722	29.0%	541,026,431	170,643,084	31.5%
Total Expenditures	\$ 760,529,062	\$ 234,768,139	30.9%	\$ 775,197,646	\$ 255,393,280	32.9%

Cumulative Impact on Consumer Spending					
	Tax Revenue	CY2019	CY2020	Change	% Change
Feb-Sept	Sales	\$19,956,147	\$19,314,271	(\$641,876)	-3.2%
Feb-Oct	Meals Sales	\$19,205,739	\$12,134,963	(\$7,070,776)	-36.8%
Feb-Oct	Transient Lodging	\$10,851,550	\$3,270,003	(\$7,581,547)	-69.9%
Feb-Oct	Admissions	\$444,814	\$74,822	(\$369,992)	-83.2%
Feb-Oct	Recordation	\$5,057,590	\$6,165,142	\$1,107,552	21.9%
	Cumulative	\$55,515,840	\$40,959,201	(\$14,556,639)	-26.2%
Year over Year Comparison					
	Tax Revenue	CY2019	CY2020	Change	% Change
September	Sales	\$2,555,521	\$2,635,791	\$80,270	3.1%
October	Meals Sales	\$2,177,398	\$1,615,726	(\$561,672)	-25.8%
October	Transient Lodging	\$1,355,243	\$375,391	(\$979,852)	-72.3%
October	Admissions	\$38,623	\$7,848	(\$30,775)	-79.7%
October	Recordation	\$739,159	\$949,599	\$210,440	28.5%
Comparison to Average Collection					
	Tax Revenue	CY2019	CY2020	FY 2019 Monthly Average	5-year Same Month Average
September	Sales	\$2,555,521	\$2,635,791	\$2,398,919	\$2,244,575
September	Meals Sales	\$2,177,398	\$1,615,726	\$2,048,329	\$1,758,886
September	Transient Lodging	\$1,355,243	\$375,391	\$1,071,347	\$1,120,884
September	Admissions	\$38,623	\$7,848	\$52,372	\$44,773
September	Recordation	\$739,159	\$949,599	\$493,073	\$542,154

